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C O N F I D E N T I A L SECTION 01 OF 02 QUITO 003302

SIPDIS

E.O. 12958: DECL: 12/22/2014

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SUBJECT: EX-FINMIN MAY REPLACE CAREER DIP AS AMB-DESIGNATE

REF: QUITO 3151

Classified By: Ambassador Kristie A. Kenney, Reasons 1.4 (b), (d)

1. (C) SUMMARY: GoE President Lucio Gutierrez is reconsidering his earlier designation of career diplomat Roberto Betancourt to head Ecuador's embassy in Washington (Reftel). According to separate Embassy Quito sources, former Minister of Finance Mauricio Pozo now appears the preferred candidate, although Foreign Minister Patricio Zuquilanda, Betancourt's primary patron, is fighting the switch. U.S.-educated, a thoughtful technocrat and well-liked in IFI circles, Pozo is a fine choice to represent Ecuador in Washington. Despite our obvious preference for the ex-minister and our intention to "lobby" discreetly, the Embassy will avoid the appearance of taking sides in the brewing appointment battle. END SUMMARY.

2. (C) Over lunch December 15, GoE Presidential Secretary Carlos Polit informed the Ambassador that Gutierrez was mulling a change for Ecuador's mission in Washington. Rather than Betancourt, for whom the GoE recently had requested agreement, the president was considering Mauricio Pozo, one of the architects and chief proponents of the GoE's responsible economic program. (Pozo resigned office in early 2004, placating Gutierrez's populist, left-leaning opposition and perhaps extending the president's tenure. The transition between him and his successor, the ideologically similar Mauricio Yopez, was this administration's smoothest and reflects the continued close relationship between Pozo and Gutierrez.)

3. (C) Pozo would make a fine chief of mission, the Ambassador asserted, extolling his reputation in Washington, impeccable economic credentials and prominence in international financial institution (IFI) ranks. Careful to avoid the impression of overt lobbying, she also praised competitor Betancourt's professional expertise. The Embassy must tread lightly over GoE personnel decisions, the Ambassador explained, and not provide grist to rabid nationalists on constant alert for signs of "U.S. meddling."

4. (C) The Ambassador raised the Washington vacancy during her December 16 call on Gutierrez. The president unfortunately refused the bait and moved quickly to other topics of conversation. Following up, she hosted Pozo for breakfast December 23. After discussing the Andean Free Trade Agreement and Ecuador's recent, positive macroeconomic performance, she queried the former finance minister on future career plans. Pozo revealed that Carlos Polit wanted him in Washington. Running the mission intrigued him, although he worried that Ecuador's volatile political environment meant he would enjoy little job security. As "insurance," he pondered whether to demand a guaranteed follow-on assignment at a more stable multilateral organization.

5. (C) Pozo's character, background, and political savvy made him a tremendous ambassadorial candidate, the Ambassador offered. Trade issues would dominate the short-term U.S.-Ecuador bilateral relationship, with technical Andean FTA negotiations nearing conclusion and the difficult stage -- obtaining political buy-in from respective legislatures -- remaining. Pozo's previous experience lobbying Ecuador's Congress could prove invaluable, she asserted. While the Foreign Ministry already had requested agreement for career diplomat Roberto Betancourt, that process could be halted, should the GoE desire. The Ambassador again emphasized she must avoid the impression of favoring a candidate, however.

6. (C) Later December 23, Polit telephoned the Ambassador to recount his recent conversation with the president. Gutierrez loved the idea of Pozo in Washington. Foreign Minister Patricio Zuquilanda did not, however, and was pushing the president to keep his commitment to Betancourt. Polit's unspoken (but barely) request was that the Ambassador call Gutierrez in support of Pozo's candidacy.

7. (C) COMMENT: On both substance and personality, Post's preferred candidate for the Washington mission is Pozo; his continuing friendship with the president is gravy. Further, our relations with this impressive ex-minister were always top-notch and our access immediate, things we cannot say of Betancourt. In this battle, however, we must be stiletto, not battle-axe. First, the optics are terrible -- hint of our involvement could easily reach the loser. Were it

Betancourt, the Foreign Ministry might leak the news immediately, spawning a media firestorm over U.S. "interference." Worse, MFA resentment could tarnish working-level relations we need to advance key substantive issues (Article 98 comes to mind) and ensure the Embassy receives adequate MFA administrative support.

18. (C) We also worry a jilted MFA could make Pozo's days difficult in Washington. Ecuador's last ambassador, Raul Gangotena, too enjoyed a close relationship with Gutierrez. Poor dealings with Zuquilanda resulted in his isolation, limited effectiveness, and eventual short tenure, however.  
END COMMENT.  
KENNEY